



Health and  
Human Services

**Richard O. Brajer**  
Secretary

**Courtney Cantrell**

*Division of Mental Health, Developmental Disabilities and Substance Abuse Services Director*

March 21, 2016

**SENT VIA ELECTRONIC MAIL**

The Honorable Marilyn Avila, Co-Chair  
Joint Legislative Oversight Committee on  
Health and Human Services  
North Carolina General Assembly  
Room 2217, Legislative Building  
Raleigh, NC 27601

The Honorable Josh Dobson, Co-Chair  
Joint Legislative Oversight Committee on  
Health and Human Services  
North Carolina General Assembly  
Room 301N, Legislative Office Building  
Raleigh, NC 27603-5925

The Honorable Louis Pate  
Joint Legislative Oversight Committee on  
Health and Human Services  
North Carolina General Assembly  
Room 1028, Legislative Building  
Raleigh, NC 27601

Dear Chairmen:

Section 12F.2.(c) of North Carolina Session Law 2015-241, enacted on September 18, 2015, requires the Department of Health and Human Services (Department) to modify the monthly reporting package submitted by the LME/MCOs to the Department to include revenues and expenditures for the State funding sources for single stream, intellectual and developmental disability, and substance abuse services on Schedule D2. Additionally, the Department is required to modify appropriate schedules in the LME/MCO monthly reporting package to include unduplicated recipients and encounters in the same level of detail included in each D schedule for each source of funding for the reporting for the current and previous year's month and year to date periods. Further, the Department is also to submit these reports to the Joint Legislative Oversight Committee on Health and Human Services (JLOC) by the third Monday of each month beginning in October 2015.

The Department appreciates and shares the desire for more detailed, consolidated monthly expenditure reports on the part of LME/MCOs for single stream state funds. As such, the Department's Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMHDDSAS), in coordination with the Division of Medical Assistance (DMA), has initiated the process of revising Schedule D. Draft revisions to the state funded portion of Schedule D2, and the addition of schedules that show unduplicated recipients of mental health disorders, intellectual and developmental





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disability, and substance use disorder services were completed and distributed to the LME/MCOs in December 2015. As the LME/MCOs began to attempt to implement the changes it became apparent that the various financial reporting systems could not be immediately reprogrammed to satisfy the requirements. Therefore, the Department revisited the most appropriate approach to effectively modify the reporting package so that it most accurately satisfies the legislative intent of the reporting requirements.

DMHDDSAS has undertaken the project, in conjunction with the Finance Officers of the LME/MCOs, to revisit the structure of Schedule D for both Medicaid and State fund reporting to bring the two processes into greater alignment and to support the reporting specificity required by the legislation. This project is of greater scope than originally understood and will require the remainder of the current fiscal year to pursue.

Since the report to the JLOC submitted on February 15, 2016, staff from DMHDDSAS have met with the Finance Officers of the LME/MCOs and made progress towards a unified reporting process to satisfy the requirements for reporting to Schedule D2. Differences in some reporting elements across LME/MCOs were identified and modifications to some billing and finance systems are in process. These initial changes will be reviewed and additional reporting adjustments determined in subsequent meetings of the group.

The Department continues to closely monitor the LME/MCOs' accountability for the Maintenance of Effort and continued level of services as described in Section 12F.2.(b) of NC Session Law 2015-241. The reported information for compliance with these requirements, as of January 31, 2016, is attached. The graph in the attachment uses a red line to depict the appropriate amount of funding that should have been expended by January 31, 2016 in order to demonstrate that funding levels are the same as those for the same timeframe in state fiscal year 2015 (58%). The bars growing from the horizontal axis represent the individual performance of each LME/MCO.

The LME/MCOs who appear to demonstrate a delay in reaching the required levels of expenditure are investigating issues with their internal billing and reporting systems. DMHDDSAS has sent each one that has a reported percentage of spending that is less than the target a Plan of Action letter requiring the LME/MCOs to explain and adjust practices to be in compliance with the legislation.

DMHDDSAS will continue to monitor all of the legislative requirements from Section 12F and provide updates to the JLOC monthly.





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Should you have any questions, please contact me at (919) 733-7011.

Sincerely,

Courtney Cantrell, PhD  
Division of Mental Health, Developmental Disabilities and Substance Abuse Services  
Director

Attachment

cc:	Brian Perkins	Hannah Tedder	Dave Richard
	Pam Kilpatrick	Rod Davis	Theresa Matula
	Marjorie Donaldson	<a href="mailto:reports@ncleg.net">reports@ncleg.net</a>	Joyce Jones
	Kolt Ulm	Andy Munn	Courtney Cantrell
	Steve Owen	Susan Jacobs	Trey Suttan
	Sarah Pfau	Denise Thomas	Pat Porter



State of North Carolina | Department of Health and Human Services  
101 Blair Drive, Adams Building | 2001 Mail Service Center | Raleigh, NC 27699-2001  
919 855 4800 T | 919 715 4645 F

## FY16 - Reported Expenditures of Single Stream Funds by LME/MCO

Reported Expenditures through month: **January**

YTD Target %: 58% or more

LME/MCO	Reported SS Earnings	SS Allocation	Service Level Req.	Reported SS as % of Alloc	Reported SS as % of Svc Level Req
Alliance	\$25,124,883	\$28,541,140	\$38,535,086	88%	65%
Cardinal	\$42,343,867	\$51,814,939	\$55,828,499	82%	76%
CenterPoint	\$8,918,572	\$11,459,462	\$14,285,113	78%	62%
Eastpointe	\$9,106,305	\$18,608,777	\$26,027,763	49%	35%
Partners	\$16,069,234	\$18,478,148	\$28,392,683	87%	57%
Sandhills	\$17,485,019	\$11,568,278	\$35,257,479	151%	50%
Smoky	\$22,575,197	\$35,820,531	\$41,883,208	53%	54%
Trillium	\$17,655,815	\$30,206,488	\$38,290,476	58%	46%
Statewide	\$159,278,891	\$206,497,763	\$278,500,307	77%	57%

*Pink Highlights >2% Below Target*

FY16 YTD - Reported Single Stream Expenditures as % of Annual Service Requirement

